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SUBJECT: Belairbus Copes With Airbus Restructuring

REF: 06 Brussels 3531

¶1. (SBU) Summary. The consortium of Belgian companies producing parts for Airbus, known as Belairbus, claims it has taken steps to minimize the impact of Airbus restructuring program. Maintaining the competitiveness of the companies is key, as well as diversification in both products and customers. The Belgian government has agreed in principle to a reimbursable aid program for Belairbus for 150 million euros to help Belgian firms corner a share of the downstream production orders. End Summary.

¶2. (U) In response to Airbus' announcement of a major restructuring program, Belairbus says it has already taken steps to meet future Airbus plans to distribute greater subcontracting and design investment responsibilities. Belairbus, an associated partner of Airbus, is the collective of three companies, Sonaca, Eurair, and Asco Industries, which design, manufacture and assemble parts for Airbus, as well as Boeing. The consortium claims it has already adjusted prices, and is taking steps to cut costs, as it knows that Airbus will be increasingly looking for more competitive partnerships. Belairbus will also continue its aggressive research in composite materials because it supplies Boeing as well, and Boeing is shifting towards carbon fiber composites in construction in order to decrease plane weight. Airbus is also looking to increase its use of composites in its 350 model design.

¶3. (SBU) According to Flemish Business daily De Tijd, Federal Economics Minister Marc Verwilghen is prepared to push for funding from the federal budget to assist Belgian companies participating in A350 development. The government previously made an agreement in principle for a 150 million euro reimbursable aid package for non-recurring costs of development relating to the A350 by Belgian companies. The Belgian contribution to the A380 superjumbo was 195 million, not all of which was disbursed.

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